GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:997
ANSWERED ON:23.11.2007
SUPPLY OF NAPHTHA
Mediyam Dr. Babu Rao;Sujatha Smt. C.S.

Will the Minister of POWER be pleased to state:

(a) whether there is steep rise in the price of Naphtha resulting in short supply to power units particularly in Andhra Pradesh;

(b) if so, whether the increase of Naphtha raised the cost of production of power generation in Naphtha based units;

(c) if so, details thereto;

(d) whether the Government consider exemption of Naphtha from excise duty to tide over the present crisis faced by Naphtha based power units in the country; and

(e) if not, the steps taken/proposed to be taken by the Government to protect these power generating units?

Answer

THE MINISTER OF POWER (SHRI SUSHILKUMAR SHINDE)

(a) to (c) : Steep rise in price of Naphtha, which is determined based on its international price, has resulted in increase in variable cost of generation of power using naphtha as fuel in the country, including Andhra Pradesh, resulting in decreased generation. Andhra Pradesh Power Coordination Committee (APPCC) has reported that Naphtha Price in November, 2007 is Rs.49,034.77 Per Metric Tonne (MT) with the cost of generation of Rs.8.947 per Kilo Watt Hour (kwh) as against a price of Rs.39,387.21 per MT with cost of generation of Rs.7.187/kwh in May 2007. Gas based power stations of total 1555.4 MW capacity located in Andhra Pradesh, have provision to use Naphtha as an alternate fuel when gas is in short supply. Although there is no shortage of Naphtha, its use as fuel is restricted due to steep rise in price.

When the domestic price of Naphtha increases steeply, power generating units based on Naphtha, have the option of switching over to Re-gasified Liquefied Natural Gas (RLNG) so as to minimize the fuel cost of such units.

(d) & (e) : NTPC has proposed complete waiver of Customs Duty/Excise Duty on Naphtha for consideration of the Government as part of the budget exercise of 2008-09 Union Budget, which is under examination in this Ministry.